

Message Text

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14

ACTION NEA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 INR-10 AID-20 COME-00 EB-11 FRB-02

RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02 OMB-01

SS-20 NSC-10 PRS-01 DRC-01 /114 W

----- 023576

O 031000Z NOV 73

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC IMMEDIATE 0393

UNCLAS TEL AVIV 8901

E O 11652: N/A

TAGS: EFIN, IS

SUBJECT: ISRAEL'S FOREIGN EXCHANGE POSITION

REF: STATE 216856

1. BANK OF ISRAEL'S (BOI) FOREIGN EXCHANGE ASSETS AT END OF AUGUST WERE DOLS 1,578.9 MILLION, BROKEN DOWN AS FOLLOWS:

FOREIGN EXCHANGE DOLS 1,459.9 MILLION

GOLD 46.2 MILLION

SDR 33.6 MILLION

QXF GOLD QUOTA 39.2 MILLION

TOTAL DOLS 1,578.9 MILLION

THIS TOTAL IS STATED IN ACCORDANCE WITH ORTHODOX PRINCIPLES.

GOI, HOWEVER, PREFERS TO SUBTRACT FROM THIS FIGURE TWO ITEMS

ON LIABILITIES SIDE OF BOI BALANCE SHEET: (A) DOLS 162.9 MILLION

IN DEPOSITS OF FOREIGN RESIDENTS, AND (B) DOLS 3.5 MILLION IN

DEPOSITS OF FOREIGN BANKS; ACCORDINGLY GOI STATES ITS FOREIGN

EXCHANGE ASSETS AT END OF AUGUST AS DOLS 1,412.5 MILLION.

DETAILS OF GOI'S ARGUMENTATION AND WHY EMBASSY DISAGREES, MAY

BE FOUND IN TEL AVIV A-62 OF FEBRUARY 17, 1972.

2. GOI HAS CLASSIFIED SUBSEQUENT FIGURES ON ITS FOREIGN

EXCHANGE RESERVES, BUT HAS PROMISED TO MAKE THEM AVAILABLE

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TO US. THIS HAS NOT BEEN DONE YET. EMBOFF REPEATED REQUESTED

NOV 3 TO ECONOMIC ADVISOR TO MINISTER OF FINANCE
(DAVRATH), CITING URGENCY IN REFTTEL. DAVRATH AGAIN PROMISED
TO MAKE FIGURES AVAILABLE BUT WAS NOT SURE HE COULD DO SO
BEFORE TOMORROW; HE SAID HE WOULD TRY.

3. FIGURES FOR END OF SEPTEMBER SHOULD BE STRAIGHTFORWARD.
HOWEVER, FIGURES FOR END OF OCTOBER MAY NOT TELL FULL STORY.
IN 1967 GOI HELD ASIDE SUM OF DOLS 100 MILLION, AND MAY BE
DISPOSED TO DO SO AGAIN. THIS SUM WAS ADDED TO WORKING
BALANCE NORMALLY HELD BY MINISTRY OF FINANCE OFFICIAL WITH
TITLE OF CHIEF FISCAL OFFICER WHO IS IN NEW YORK AND SUBORDINATE
TO EMBASSY OF ISRAEL ECONOMIC MINISTER. WORKING BALANCE
OF NORMALLY ABOUT DOLS 35 MILLION ROSE TO DOLS 135 MILLION
FOLLOWING 1967 WAR; IT HAD BEEN RUN DOWN TO NORMAL BY EARLY 1970.
BALANCES CONTROLLED BY CHIEF FISCAL OFFICER DO NOT APPEAR
IN BOI'S FOREIGN EXCHANGE RESERVES.

4. WE WILL FOLLOW WITH FURTHER REPORT WHEN DAVRATH RESPONDS.
KEATING

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NNN

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